

*UNIQUE CONSIDERATIONS  
FOR SOCIAL INFRASTRUCTURE  
PUBLIC-PRIVATE PARTNERSHIPS*

*A Design-Build Done Right™ Deeper Dive*



# UNIQUE CONSIDERATIONS FOR SOCIAL INFRASTRUCTURE PUBLIC-PRIVATE PARTNERSHIPS

A DESIGN-BUILD INSTITUTE OF AMERICA PUBLICATION

## 1. OVERVIEW

Building on fundamental tenets presented in the Public-Private Partnerships Primer published by The Design-Build Institute of America (DBIA), this primer takes a closer look at specific considerations, such as design-build (DB), maintenance, stakeholders, and financing and development, that are unique to social infrastructure public-private partnerships (P3s).

Excerpts from interviews with leaders of completed, in progress, and proposed notable social infrastructure P3s in the United States are integrated throughout to provide real-life examples, and brief descriptions of the projects and their status as of the writing of this publication are included in Appendix A. DBIA wishes to thank the following individuals for their time and contributions:

- Clifford Ham, Principal Architect, Judicial Council of California's Administrative Courts – *Governor George Deukmejian Courthouse*
- Daniel Feitelberg, former Vice-Chancellor, Planning and Budget, University of California, Merced Campus – *UC Merced 2020 Campus Expansion*
- Adam Collins, former Deputy Mayor of City of Indianapolis – *Proposed Marion County Justice Center*

### Photo Credits:

**Right:** Denver Union Station Transit Improvements; Owner, Denver Union Station Project Authority; 2014 Project of the Year

## 2. INTRODUCTION

### (a) Definition of Social Infrastructure Public-Private Partnerships

A social infrastructure P3 is an innovative and collaborative project delivery model for vertical infrastructure that accommodates the provision of social services – typically, public buildings such as schools, universities, hospitals, courthouses, prisons, and community housing. In contrast, the P3 delivery model can also be applied (and has been more commonly applied in the United States) to horizontal infrastructure such as roads, highways and bridges.

With a social infrastructure P3, the buildings are typically developed by the private sector but owned by the public sector. There are various social infrastructure P3 models in existence today, the three most common being: (1) design-build-finance-maintain (DBFM); (2) lease-leaseback; and (3) public-private mixed use development of public property.

In the DBFM model, the public owner pays periodic (usually monthly or quarterly) payments under a long-term agreement to the private sector partner (often referred to as a “developer”



or “Concessionaire”) following completion of construction of the building. Since such payments are in exchange for the partner making the facility available for use, the payments are typically referred to as availability payments. These payments are subject to deductions for failure to meet contractually specified performance standards. Projects delivered using this model are common in the justice, education, and hospital sectors in Canada and the UK.

In the case of a lease-leaseback, the private partner develops the property pursuant to a long-term lease from the public property owner, and then leases an improved property back to the public partner after completion. The lease-leaseback model is commonly used for higher education and General Services Administration buildings.

Finally, public-private mixed-use development on publicly-owned land is an emerging class of social infrastructure P3 projects, distinguishable from the DBFM and lease-leaseback models by its funding sources. In this model, real estate revenues (e.g., lease proceeds from tenants) are the primary funding source rather than government-backed payments. In public-private mixed-use development, instead of the public sector simply selling land or property to the private sector, a trend has emerged in ‘combined’ development of public buildings that have a significant real estate component to them, such as retail or hotels, most often in combination with local municipal office space or near transit centers. Hybrids of the public-private mixed-use development model are also possible, where real estate revenues comprise one funding source, but the public entity contributes additional payments or provides other forms of credit support.

#### **(b) International vs. US Experience**

Social infrastructure P3s have been proven to be generally successful in Canada, Australia, and Europe and are now gaining some traction in the United States, informed by lessons learned in other countries. The United Kingdom has been undertaking social infrastructure P3s since the 1990s and its Building Schools for the Future program, which aims to build and improve secondary school buildings with private sector partners’ capital and expertise, has received more than half of its £2.2 billion in

financing through P3s. Since 2004, Canadian provinces have undertaken \$35 billion in social infrastructure projects using the P3 model, including to revamp Ontario’s health care facilities and to expand, modernize and replace other types of infrastructure assets such as courthouses, schools and correctional facilities. Since 1998, when Australia implemented its first P3, the number of social infrastructure P3 projects has steadily grown with delivery of a range of projects including hospitals, schools and prisons. The procurement and delivery of Australia’s social infrastructure P3 projects are supported by National P3 Guidelines for Social Infrastructure Projects.

In the United States, many real estate developers have participated in community redevelopment projects, but only a handful of these have used the DBFM model. The DBFM model, however, is starting to find a foothold in the U.S. market, with several DBFM social infrastructure P3 projects successfully underway in recent years in California, beginning with the Long Beach Courthouse, which closed in 2010, and, more recently, the University of California’s Merced Campus Expansion Project and the Long Beach Civic Center Project. A number of similar projects are in advanced pre-procurement stages across the United States.

As American public agencies are beginning to discover the benefits of using availability payment delivery models, efforts are also underway among industry participants to encourage legislative solutions to incentivize private investment without forgoing the ability to use tax-exempt financing in connection with the development of public buildings.

### 3. KEY DIFFERENCES BETWEEN DESIGN-BUILD AND P3

A social infrastructure project delivered using a P3 model can leverage the full benefit of DB and offer additional unique benefits that arise from the holistic nature of the P3 delivery model. Accordingly, the “Design-Build Done Right” principles would apply to the procurement and development of social infrastructure P3 projects, including the importance of using a

**Photo Credits:**

**Right and Bottom:** Governor George Deukmejian Courthouse; Owner, State of California Judicial Council, Administrative Office of the Courts; 2014 National Design-Build Excellence in Design Award, 2014 National Design-Build Award of Merit.



two-step selection process for selecting the Concessionaire team. In addition, a few unique differences between DB and P3 will be discussed in this section:

- Integration of facilities maintenance (FM) services provider;
- Equipment selection;
- Energy consumption guarantee;
- Planning for future changes;
- Interface between design-builder and FM services provider; and
- Lender considerations.

Note that social infrastructure P3s often separate responsibility for operations of a relevant facility, which may be retained by the public owner, from responsibility for maintenance of the facility, which is transferred to the private sector partner. Such an allocation of responsibilities can give rise to specific interface issues between the public-sector owner and private sector partner. For purposes of the discussion below, it is assumed that responsibility for operations are retained by the public-sector owner.

### **(a) Integration of FM Services Provider**

A key difference between P3 and other delivery methods is the early integration of maintenance considerations into the design-build process. Incorporating the input of the FM services provider throughout procurement and, following award, design and construction, is key to the development of a sustainable, effective building systems solution that considers whole-of-life costs rather than focusing solely on construction-first costs. Long-term building performance is often sacrificed when the

lowest construction price option is selected, thereby limiting the FM services provider's ability to manage maintenance costs effectively. Given the long-term nature of social infrastructure P3 contracts, including the FM services provider's perspective regarding future maintenance costs, the design discussion emphasizes lifecycle costs in a way that often creates a better balance between upfront and future costs, thereby providing the most cost effective long-term result for the owner.

In a competitive environment, experienced proposer teams understand the importance of this approach and integrate the FM services provider early in the procurement and design process, allowing them to test-drive design options against practical operating experience. Proposer teams use a net present value (NPV) analysis to consider each option, examining the future costs of maintenance, lifecycle and energy performance. Most owners in P3 procurements evaluate bids in NPV terms, which more accurately captures the total lifecycle cost of delivering the project (i.e., both DB and maintenance costs). This integration of DB and maintenance is incredibly important to the successful pursuit and delivery of a P3 project.

*"[The Long Beach Courthouse Project] is marked by calmness, creativity, and cooperation. I've been on a lot of construction projects and this is the highest level of that."*

*— Clifford Ham, Principal Architect, Administrative Office of the Courts, Judicial Council of California*



**(b) Equipment Selection**

Under a P3 procurement, each proposer team must bid the full, combined DBFM scope. Therefore, the procurement process creates an incentive for proposer teams to collaborate to produce the lowest NPV solution for a given project (although lowest price may not be the only determinative factor, depending on the evaluation criteria and weighting applied by the relevant owner to other potential factors, such as schedule and design). Ultimately, this benefits the public owner by resulting in a lower guaranteed availability payment throughout an operating term that often extends to 30 years or more. Many key inputs are around mechanical and electrical (M&E) options to select equipment that is highly efficient, producing long-term energy benefits as well as having lower maintenance costs compared to lower upfront cost options. The same process can be applied to non-M&E items such as roof membranes and curtain wall design. For example, by making the optimal investment up front, substantial savings may be achieved by reducing the number of times that a roof would need to be replaced during a lengthy operating term or by capturing energy savings.

Different FM services providers have different requirements for the selection of equipment, which may limit (or improve) flexibility in both design and construction period buy-out. It is important to understand these considerations early in the procurement process and for the design-builder and FM services provider to work as an integrated team in selecting equipment.

**(c) Energy Consumption Guarantee**

In the past few years in the U.S. P3 market, some public owners have required proposers to include energy consumption as part of the NPV analysis when awarding projects. This factor has encouraged an even a greater focus by proposers on the evaluation of all aspects of whole-of-life costs, arguably resulting in a better building product for the owner. These incentives are not present in a traditional DB procurement and require a qualified FM services provider to evaluate the energy-related matters during design development through the creation of an energy model. This process includes significant coordination between

the design-builder and FM services provider and should be prioritized during the early phases of design development.

**(d) Planning for Future Changes**

A key consideration for social infrastructure P3s is planning for future changes. While it is also a consideration for design-build, the importance of planning for future changes takes on heightened importance in the context of P3s, since the term of a typical P3 contract spans decades and the extent and manner in which future changes are addressed in the Concessionaire's base scope need to be determined from the outset. For example, in the United Kingdom and Canada where hospitals are often procured under a P3 delivery model, the design requirements may include accommodations for future major medical equipment changes, which results in the Concessionaire team designing from the outset with those future equipment upgrades in mind. In other cases, flexible use space (e.g., core and shell) is included in the initial technical requirements, with future fit out of the space contemplated during the term of the P3 agreement.

**(e) Interface between Design-Builder and FM Services Provider**

After a project reaches substantial completion, the design-builder will continue to have ongoing obligations under both its DB subcontract with the Concessionaire and the interface agreement between the design-builder, the FM services provider and the Concessionaire. For example, a one- or two-year warranty period is standard in many P3 projects, which can be called upon by the Concessionaire under the DB subcontract or by the FM services provider under the interface agreement. This arrangement is necessary to promote an orderly transition from construction to



operations and maintenance and create a direct mechanism between the design-builder and FM services provider for addressing any defects and other interface issues between them. Other typical interface agreement requirements include provision of spare parts, transition of manufacturer warranties, and other obligations to promote full integration between DB and maintenance during the critical transition period immediately following substantial completion.

#### (f) Lender considerations

Finally, all availability payment P3 projects require a guaranteed substantial completion date. This is mandatory because lenders to the Concessionaire must be repaid on a fixed-date basis. If the design-builder is late in achieving substantial completion, it will typically be required under its DB subcontract with the Concessionaire to pay liquidated damages (LDs) to the Concessionaire in an amount equal to lenders' costs owed by the Concessionaire plus any additional Concessionaire overhead costs incurred as a result of such delay. This LD value can be significant; therefore, the design-builder on any P3 project must carefully consider this LD risk, in addition to any Owner-imposed LDs, in its pursuit evaluation.

## 4. STAKEHOLDERS/ USERS

### (a) Major Stakeholders in Typical Building Projects

Social infrastructure P3s have a significantly wider set of stakeholders compared to transportation P3 projects. This is primarily due to a building's use: employees work in the building each and every day and therefore have uniquely significant needs of physical infrastructure to better fulfil their objectives. In addition, the public interacts with a social infrastructure building in a more personal manner – a trip down a road that is delivered as P3 may be important to a person's commute, but a student's accommodations during university is more all-encompassing and impactful. Considering the effect that a project has on key stakeholders is important to understanding the cumulative impact the model has on public buildings. Typical stakeholders for these kinds of projects include:

**Public Users.** First-time user experience is critical to ensure that buildings are utilized in an efficient manner. A courthouse facility, for example, is a building that an individual may visit a handful of times for a hearing or trial. Wayfinding and signage in the building is therefore important in order to assist infrequent visitors in arriving at the right courtroom quickly. Furthermore,





public buildings such as courthouses must provide equal access to disabled persons.

**Day-to-Day Staff.** The building should also be user-friendly for workplace professionals and staff, such as professors, doctors, nurses, judges, clerks and bailiffs, that provide social services on behalf of the public-sector owner. Workplace design considerations include natural light, green space, ergonomic considerations, and flow across building functions. There are also operational considerations, such as automatic vs. manually adjustable blinds, or temperature controls by room that must be integrated into a project's overall delivery.

*“The project team did a wonderful job in designing and constructing a mock-up that allowed the judges and staff to truly test the performance of the future courtrooms.”*

– Clifford Ham, Principal Architect, Administrative Office of the Courts, Judicial Council of California

**Service Providers.** The engineering and design of the project should take into consideration the requirements of ancillary service providers, such as laundry and kitchen facilities. A key consideration is how these spaces are designed, as well as how they interact with the larger building. This provides additional opportunities for private sector innovation. In addition, the delivery of supplies and materials to an operating building has significant community impact, which must be considered carefully.

*In Indianapolis, “the consolidated justice facility would allow the sheriff to minimize excess transportation between criminal court and jail facility, along with other operational savings. There reductions would be reinvested into the project via payment of the availability payment.”*

– Adam Collins, former Deputy Mayor of City of Indianapolis

**Photo Credits:**

**Left:** UC Merced 2020 Campus Expansion; Owner, State of California, University of California.

**Labor.** Public service workers, trades professionals, and construction workers have a specific interest in how their jobs are affected by the implementation of a new project. Unions that represent these groups may be particularly concerned about whether their members' wages and rights as an employee or member of the union will be affected by private sector involvement in a P3. Strategic engagement and education is necessary to minimize miscommunications and misunderstandings.

For example, labor-related issues on the UC Merced 2020 Project were addressed through proactive, transparent consultation with the relevant stakeholders. As a result:

*“The Project Agreement for the 2020 Project. . . provides significant protections for represented employees during and after construction. During construction of the Project, developers, contractor/subcontractors, manufacturers, and distributors are required to adhere to the University’s prevailing-wage requirements, as well as targets for the hiring of construction workers who are registered in or graduates of approved apprenticeship programs. The developer also must make reasonable and good-faith efforts to draw construction workers from the Central Valley Infrastructure Employment Project. During operations, UC Merced will continue to manage custodial, grounds, and existing dining operations, and will continue to employ represented UC employees covered by current and future system-wide labor agreements.”*

– Dan Feitelberg, former Vice Chancellor, Planning and Budget, University of California, Merced Campus

**Local Community.** The lives of non-users of social infrastructure will be affected as well, particularly those living within the vicinity of the building. The presence of or improvements made to a new building can bring in more traffic, more demand on local utilities, or increased noise. Similarly, a P3 project may present an opportunity to provide a new community asset, such as adjacent park or improved integration of an outdated structure into the community fabric.

## **(b) Consideration of Stakeholders in Project Development**

A robust and sustained stakeholder consultation process reduces the risk of a project receiving inadequate support and increases its chance of success. Stakeholder consultations should be ongoing throughout the project's life, beginning early enough to define the project's scope on key issues and have an effect on project decisions. The community consultation process should be executed pursuant to a rigorous schedule and strategy with an aim to provide consistent messaging. A strong political champion must support this effort and a project manager should manage this aspect of the project procurement.

Since the interests of different stakeholder groups vary and may at times be in conflict, it is important to balance out opposing viewpoints but ensure that each is taken into consideration. In terms of designing a user-friendly and productive project, the functional purpose of space must be weighed against budget considerations and other objectives of the owner.

## **(c) Unique Considerations for Building Projects**

The sharing of the stakeholder consultation responsibility between the private party and public agency in a P3 is more pronounced in building projects than road projects. This is because the design process for a building includes intensive stakeholder input, often undertaken by the private sector, in addition to community consultation often undertaken by the public sector at the start of procurement. For example, when designing a hospital, private sector developers will interview most, if not all, of the clinical groups during the pre-construction process, in order to collect input and design the facility to meet clinical users' needs.

It is more difficult for major social infrastructure projects to come to fruition when there is no political champion. A new or rehabilitated social asset needs powerful sponsors in the political arena in order to be successful. This political champion is critical to securing project approvals, managing public and political perceptions, and ensuring the procurement process is timed appropriately with the overall political environment. The impact of political champions is more noticeable on social infrastructure projects because these P3s are generally the largest or most

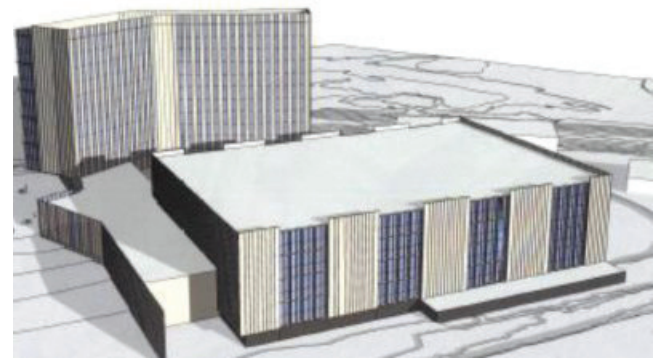
widely known project in a given jurisdiction for many years. State DOTs, by comparison frequently procure large projects, and thus, the politicking of a given project's rationale is generally more proactively managed in the established approval process.

For example, the Marion County Justice Center lacked a political champion in the second half of that project's procurement. The failure of MCJC to secure approvals after procurement is a recent example of how political risk can negatively impact a social infrastructure P3 procurement. Because the centralized justice facility did not receive the required legislative approvals in the City/County Council, the project was cancelled.

*"This political halt in approvals between the executive and legislative branches existed even though the Value for Money study showed P3 was the best procurement methodology for the project and the commercial agreements met the City's hurdles."*

*— Adam Collins, former Deputy Mayor of City of Indianapolis*

Another key differentiating factor between a building and road project is commissioning. While both types of P3s require compliance with environmental guidelines and codes, the former category entails larger scopes of mechanical and IT systems



### **Photo Credits:**

**Above:** Proposed Marion County Justice Center; Owner, City of Indianapolis City Council



testing. In a health facility setting, major equipment needs to be tested and harmonized with building systems. Due to a hospital's need to provide a healing environment, increased lighting, noise reduction, and measures to manage the spread of infections are all critical to the design, construction and operation of the facility. These requirements create a commissioning process that is lengthier and generally unique to each individual social infrastructure project.

## 5. FINANCING AND DEVELOPMENT CONSIDERATIONS

The financial impacts of a social infrastructure P3 will vary from project to project. Key financial features to consider include:

- **Impact to Public Owners** – The objectives and constraints of public owners of social infrastructure facilities vary greatly. For example, public university systems may seek complex research and medical facilities that will benefit from innovation and generate new revenues, whereas a state or local school district may desire a measure of standardization and cost reduction for its facilities. Public owners will also have differing financial constraints relating to: (i) credit capacity and credit rating objectives; (ii) restrictions on how the public owner's funds can be allocated between project components; and (iii) balance sheet treatment and allocation of project related debt, whereby P3 procurement may provide advantages to the government owner managing its overall finances. As an example, the Marion County Justice Facility looked to P3 delivery as an opportunity to leverage savings for payment vs. traditional municipal funding and financing criteria:

*“Utilizing these [operational] savings to pay for the MCJC was only possible via a P3 procurement, as the first City payment to the private developer did not occur until after construction was complete (and savings could be quickly realized). Monetizing these operational savings*

*is very difficult through the traditional municipal bond [financing] market, as the pledge requirements to bondholders for financing operational savings is a clumsy and very unusual process.”*

*– Adam Collins, former Deputy Mayor of City of Indianapolis*

- **Cost of Capital** – Developer-arranged debt (such as private placement) for P3 projects typically have a higher interest cost than traditional tax-exempt publicly issued bonds available to municipal agencies. This is particularly relevant to social infrastructure projects that don't currently benefit from Federal tax code support that is available to transportation and other sectors, such as Private Activity Bonds (PABs). However, public sponsors can consider other P3 transaction structures that may facilitate access to lower cost, tax-exempt capital, including 63-20 and 501(c)3 bond financing approaches, long-term leases and certificates of participation. Note the use of tax-exempt debt should not necessarily be a goal in and of itself, and the cost of capital benefits of P3 finance vs. municipal finance structures need to be weighed against overall project risk profile on a project-specific basis. For example, the Long Beach Civic Center and UC Merced 2020 projects each considered use of Developer tax-exempt financing before electing to use taxable financing structures.
- **Risk Transfer and Innovation** – A traditional design-bid-build approach provides the public owner with direct control over the entire infrastructure procurement process. This direct control requires the public owner to manage and coordinate all aspects of delivery, including design and construction, and requires the public owner to also manage the risks inherent in delivering a major project. Similar to design-build, the P3 approach reduces the public owner's direct control but can transfer key risks to the private developer, including design viability and construction delays and, in addition, lifecycle costs, all of which carry substantial financial implications. The P3 approach also enables the private developer to bring innovative processes to the table that can improve project performance or reduce cost. The complexity of certain social infrastructure projects



as compared to road or other civil works projects, especially during the operations phase, can increase the financial value of innovation accessed with a P3 methodology.

- **Leveraging Existing Real Estate** – Public owners are frequently in possession of real estate that carries substantial market value and often have some flexibility regarding the specific geographical location of new or replacement public facilities. The public owner can leverage this property value in order to generate funds to support the development of the public asset. In certain circumstances, value capture mechanisms can also be leveraged to help pay for the development of government facilities. In addition, private partners may also be able to access social infrastructure assets to generate revenue in relation to certain permitted activities (e.g., food and beverage concessions, general leasing of surplus space for office or retail, advertising rights, or renting out student accommodation to the public during holiday periods). This revenue can be subject to sharing arrangements with the public owner which can support the development, operations and maintenance of the core public asset. It is worth noting that this real estate opportunity is not ‘free money’ for a public owner, but rather seeking the highest and best use for a given tract of real estate in cooperation between a private developer and the public sector.
- **Monetization of Avoided Costs** – A significant number of new social and civic infrastructure projects are planned as replacements for existing facilities that are obsolete, unsafe, or need a major overhaul. With diminished maintenance, operations and energy costs, new buildings can better

leverage budgets spent on ageing facilities, which would be available to support payments to the private developer over the concession period (including capital repayment). Any budget that is not required to support the project will be available to the public owner to support other projects and priorities.

## 6. AUTHORIZING LEGISLATION

Before entertaining a P3 delivery option for any infrastructure project, a public agency must ensure that it has sufficient authority under applicable legislation to proceed. Nationwide, authority to use P3 models for delivery of social infrastructure is more limited than existing P3 authority for transportation projects. However, state legislatures have become increasingly interested in P3 delivery and many are seeking to extend P3 enabling legislation to social infrastructure projects. For a high-level survey of state statutes that authorize certain alternative delivery methods for public infrastructure, see the *State P3 Legislation Matrix* on DBIA’s website at: [www.dbia.org/resource-center/Documents/p3\\_state\\_statute\\_report.pdf](http://www.dbia.org/resource-center/Documents/p3_state_statute_report.pdf). This matrix indicates which state P3 statutes address “social infrastructure.”

Certain states, such as Florida, Georgia, Texas and most recently Arkansas and Oklahoma, have enacted broad P3 enabling legislation that captures public buildings (see in Florida Chapter 255: Public Property and Publicly Owned Buildings Fla. Stat. §255.065(1) – (15); in Georgia Partnership for Public Facilities and Infrastructure Act Ga. Code. Ann. §§ 36-91-110 to 36-91-118; in Texas Chapter 2267: Public and Private Facilities and Infrastructure Tex. Gov’t Code Ann. §§ 2267.001 to 2267.0067; in Arkansas Chapter 10: Partnership for Public Facilities and Infrastructure Act AR Code §§ 22-10-101 to 22-10-505; and in Oklahoma - Oklahoma Public and Private Facilities and Infrastructure Act Okla. Stat. tit. 74, §§ 5151 to 5158).

Other states, such as California, have taken a more conservative and targeted approach, authorizing, for example, specific projects (e.g., Chapter 15: Long Beach Civic Center Cal. Gov.

Code §§ 5975 to 5979), or authorizing alternative procurement and financing approaches only for fee-producing infrastructure (Chapter 14: Infrastructure Financing, Cal. Gov. Code §§ 5956 to 5956.10). Still other states enable only certain types of public agencies to pursue P3 delivery of public buildings, such as New Jersey with respect to state colleges (see Article 5: State College Contracts Law N.J. Stat. Ann. § 18A:64-85).

Finally, for certain public agencies and for certain projects, sufficient authority to proceed with a P3 delivery may exist in the agency's constituting legislation.

In all cases and in each state, ensuring appropriate legislative authority for P3 delivery for any project is an essential preliminary inquiry.

## 7. CONCLUSION

While social infrastructure P3s have a more established history in the United Kingdom and several Commonwealth countries, the social infrastructure P3 market in the United States is arguably growing with the recent successes of projects in California and the increased interest of public owners at local levels in exploring alternative delivery to meet their capital and deferred maintenance needs. Ensuring that each social infrastructure project that is delivered as a P3 is carefully considered, structured and implemented is integral to ensuring the continued growth and success of this market in the United States.

**Photo Credits:**

**Left and Bottom:** UC Merced 2020 Campus Expansion; Owner, State of California, University of California.





## APPENDIX A

### Sample U.S. Social Infrastructure P3 Projects

#### Governor George Deukmejian Courthouse

The Governor George Deukmejian Courthouse is the first social infrastructure project completed under a P3 model in the United States. Delivered through a partnership between Long Beach Judicial Partners and the Judicial Council of California, the 545,000 square foot court building was completed in 2013 and is valued at \$495 million. Located on six acres of land, one quarter of which is earmarked for use by county justice agencies for office space, the Governor George Deukmejian Courthouse provides a turnkey solution to the state of California in the form of a state-of-the-art facility housing 32 courtrooms with adjoining holding cells and pre-trial meeting rooms. The facility also includes 9,200 square feet of retail space compatible with court uses and includes renovation of a nearby existing parking structure to expand its capacity to more than 900 spaces. The new facility is LEED Gold certified and will operate under the P3 agreement for 35 years.

*"This courthouse is an outstanding addition to the skyline of Long Beach and to the fabric of our city; extraordinary both in its form and function. I'm enormously proud and pleased to have my name associated with it."*

– Governor George Deukmejian



#### University of California Merced 2020 Campus Expansion

The 2020 Project campus expansion represents a major investment by the State of California and the University of California to increase access to the UC system for eligible state students and to support a rapidly growing region. The 1.2 million GSF project is being designed and built in three phases between 2016 and 2020 and is being implemented as a master planned initiative developed by a world-class team of architects, planners, engineers and construction professionals. The design and construction budget is \$1.3 billion and includes 13 buildings and supporting infrastructure, all planned to achieve LEED Gold certification or better. The project achieved commercial and financial close in August 2016, and the first set of facilities are scheduled to be delivered in 2018. The 2020 Project uses an availability payment structure, with partial payments commencing upon completion of the first phase and full availability payments commencing upon substantial completion of the overall project.



## Long Beach Civic Center

The Long Beach Civic Center project involves the delivery of a new Civic Center for the City of Long Beach under a hybrid Design, Build, Finance, Operate, Maintain (DBFOM) deal at a cost less than the City currently pays to use and maintain the existing facilities. The Project includes the creation of a new City Hall, a new Main Library, a revitalized Lincoln Park, parking facilities and a new Port of Long Beach headquarters, as well as a complementary private development in downtown Long Beach. The Long Beach Civic Center reached financial close in 2016 with completion of the new Main Library and Port headquarters slated for June of 2019.

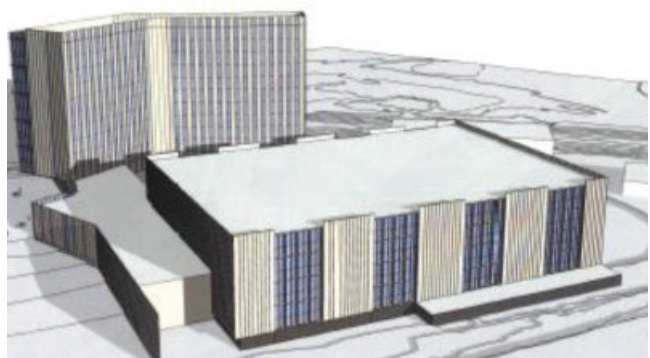


## Proposed Marion County Justice Center

The Marion County Justice Center was a proposed centralized justice facility that included a criminal court complex (27 courtrooms, 10 hearing rooms), Marion County sheriff's office, 3,000 bed detention facility with on-site medical and mental health, 960 bed minimum security community corrections facility, and over 2,000 parking spaces. The project was located in the City of Indianapolis on a site previously occupied by a GM Stamping Plant. Financing would have been arranged through private placement, with repayment beginning at occupancy through availability payments. The planned 30-year operating term was intended to include both hard and soft services for non-secure areas, as well as lifecycle maintenance. Despite a successful procurement process, the project was cancelled in 2015 due to lack of political support.

### Photo Credits:

**From left to right:** Governor George Deukmejian Courthouse, Long Beach, CA; University of California, Merced, CA; Long Beach Civic Center, Long Beach, CA; Marion County Justice Center, Indianapolis, IN.





## QUESTIONS / COMMENTS / FEEDBACK?

Email [BestPractices@dbia.org](mailto:BestPractices@dbia.org)



***Photo Credits:***

***Above: Long Beach Civic Center; Owner, City and Port of Long Beach***



## “DESIGN-BUILD DONE RIGHT” AND CERTIFICATION

Certification provides the only measurable standard by which to judge an individual’s understanding of “design-build done right.”

DBIA certification in design-build project delivery educates owners as well as designers and builders on team-centered approaches to design and construction. Owners want successfully executed design-build projects and are looking for a demonstration of both relevant continuing education and experience – both of which can be gained through DBIA certification.

### DBIA offers two types of Certification.



Attaining the DBIA™ requires from two to six years of hands-on experience of pre and post-award design-build. Credential holders who display “DBIA” after their names come from traditional design and construction backgrounds; they are private or public sector architects, engineers and construction professionals. Some attorneys and academic practitioners who specialize in design and construction generally and design-build specifically may also fulfill the DBIA™ requirements.



Unlike the DBIA™ credential, obtaining the Assoc. DBIA™ does not require hands-on field experience. Instead, this credential is focused on three key types of individuals who possess a different type of experience: (1) pre-award professionals focusing on critical aspects of the design-build process such as business development and acquisition/procurement; (2) seasoned professionals who are new to design-build project delivery, but not new to the design and construction industry; and (3) emerging professionals such as recent college graduates with relevant educational background in the AEC industry.

For more information, visit [www.dbia.org/certification](http://www.dbia.org/certification)





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*DBIA extends thanks to all of the industry leaders who helped shape this document.  
A special thanks is extended to DBIA's P3 Committee Chair,  
Yukiko Kojima, Esq., Partner, Nossaman LLP*